



ORGANIZATION FOR THE PROTECTION
AND ADVANCEMENT OF SMALL
TELEPHONE COMPANIES

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August 1, 1994

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Re: Billed Party Preference for 0+
InterLATA Calls
CC Docket No. 92-77

Dear Mr. Caton:

Please find enclosed for filing the original and eleven copies of the Organization for the Protection and Advancement of Small Telephone Companies' comments in the above-captioned proceeding.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads 'Lisa M. Zaina'.

Lisa M. Zaina
General Counsel

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

)

)

Billed Party Preference
for 0+ InterLATA Calls

)

CC Docket No. 92-77

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**COMMENTS OF
THE ORGANIZATION FOR THE PROTECTION AND
ADVANCEMENT OF SMALL TELEPHONE COMPANIES**

OPASTCO
21 Dupont Circle, NW
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(202) 659-5990

August 1, 1994

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

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**COMMENTS OF
THE ORGANIZATION FOR THE PROTECTION AND
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I. INTRODUCTION

On June 6, 1994, the Federal Communications Commission (FCC or Commission) released the text of a Notice of Proposed Rulemaking¹ concerning the matter of Billed Party Preference (BPP). The Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) hereby submits its comments in response to the Commission's NPRM.

OPASTCO is a national trade association of more than 440 independently owned and operated telephone companies serving rural areas of the United States and Canada. Its members, which include both commercial companies and cooperatives, together serve over two million customers.

¹In the Matter of Billed Party Preference for 0 + InterLATA Calls, CC Docket No. 92-77, Notice of Proposed Rulemaking, 59 FR 30754 (June 15, 1994). (NPRM)

As local exchange carriers (LECs) that are responsible for routing operator calls, OPASTCO's member companies are concerned about the impact of BPP. BPP will affect not only small companies' infrastructure development plans, but also their customers' bills and dialing habits.

OPASTCO believes that although the goals of BPP might be admirable, BPP is not necessarily the ideal solution. OPASTCO feels BPP will be prohibitively expensive, especially for rural telephone companies, and could lead to even more customer confusion. Additionally, there are certainly alternatives that will cost less and not be on such a grand scale for a problem that is limited essentially to the small percentage of toll calls that use operator services from a public phone.

II. UP-TO-DATE COST ESTIMATES OUTWEIGH THE PERCEIVED BENEFITS OF BPP

In its NPRM, the Commission states that it "will mandate BPP only if we conclude that, as indicated by the current record, its benefits outweigh its costs."² The Commission also specifically seeks comment on the costs to "independent LECs participating in BPP."³ The potential cost of BPP is an important issue to address. In fact, BPP cannot be implemented without signalling system 7 (SS7), as the Commission concedes.⁴ Conversion to SS7 can be somewhat difficult from a small company standpoint, and

²NPRM at para. 2.

³NPRM at para. 50.

⁴Ibid.

BPP may exacerbate this by forcing these companies to rush implementation before appropriate. Independent telephone companies are generally in the forefront of new technology introduction and have an excellent record of responding to their customers' needs. An FCC BPP mandate would ignore their expertise in serving their areas and force these companies to convert before it is practical.

Among a group of OPASTCO companies, the average cost per line to upgrade to SS7 in order to implement BPP is \$33.31 (see Appendix A for more empirical data). Depending upon economies of scale, some OPASTCO members will have substantially higher costs. BPP would force these members to adjust their timetables for SS7 conversion - an adjustment which may undermine their ability to recover their costs.

The cost estimates do not even include the cost for additional operators needed to facilitate this new service or the costs for the software development necessary for BPP. Implementation of BPP may require LECs to hire additional operators. OPASTCO supports the creation of new jobs in rural America. However, investment in BPP may drain the LEC of the resources necessary to adequately maintain the requisite employees. It will be difficult enough to recover the costs for the infrastructure modifications, without the additional burden of extra operators, training, and consoles. Because appropriate software has not been fully developed yet, the price for BPP could be substantial since the telephone companies would be a

"captive audience" for the software developers.

Despite its incomplete tally of costs, the Commission itself has come to the conclusion that "nevertheless, BPP is an expensive technology."⁵ Given the most recent cost estimates (that do not even include software and personnel expenses) of rural conversion to BPP, OPASTCO believes BPP will be prohibitively expensive for many independent telephone companies to implement.

On the average, the percentage of polled members' total toll traffic that is either 0+ or 0- is 5.97 percent (see Appendix B). Recovering these costs from this very small percentage of BPP users will prove quite burdensome. In fact, there are not enough users of BPP to recover the costs.

OPASTCO feels BPP might not even resolve the problems that it is supposed to address. For example, the Commission states in the NPRM that BPP is in the public interest since "consumer-oriented competition should result in lower prices."⁶ This is contrasted by the Commission's later statement, after they analyze the data, that "we believe that consumers would value the convenience of 0+ dialing and that many would pay a few cents more per call to enjoy it."⁷ OPASTCO feels that, in this particular case, the "convenience" of BPP that costs both

⁵NPRM at para. 2.

⁶Ibid.

⁷NPRM at para. 58.

the companies and consumers more money may not be in the public interest.

III. LESS COSTLY, LESS CONFUSING ALTERNATIVE METHODS CAN ACHIEVE THE MORE DESIRABLE BENEFITS OF BPP

OPASTCO believes most of the desirable benefits in the public interest can be attained through less costly, alternative methods. The most effective alternative would be to implement an educational program explaining how easy it is to use access codes. Another less costly alternative would be to increase enforcement of the Telephone Operator Services Improvement Act (TOCSIA) of 1990 with more stringent penalties for violators. Fines from these penalties could be used to finance this increased vigilance. In fact, the Commission concedes that TOCSIA has indeed "addressed some of the most serious problems."⁸ OPASTCO believes that increased TOCSIA enforcement will lead to the consumer becoming the obvious target for profit and, of course, advertising. This advertising would serve as education about access codes much in the same way that new 800 number commercials have increased consumer awareness of different dialing options.

The Commission asks if customers find dialing access codes troubling or "confusing."⁹ Of the OPASTCO members polled, not one had received any complaints concerning access codes. In fact, the Commission will still allow dial-around access codes

⁸NPRM at para. 4.

⁹NPRM at para. 10.

even if BPP is implemented.¹⁰ OPASTCO believes that BPP along with access codes would certainly be more confusing than the current method of using access codes.

OPASTCO believes that explaining the need to customers to choose a primary carrier, a long distance carrier, an international carrier, and maybe even a secondary carrier, as proposed in the NPRM¹¹, could confuse many consumers. Because of its importance to daily life, telephone service must be "user friendly." The balloting process and subsequent explanations by the additional operator staff due to BPP will have just the opposite effect. OPASTCO believes that there is no reason to ask a customer to pick a 0+ carrier for a residential phone when the problem appears to be with presubscription to public phones.

¹⁰NPRM at para. 82.

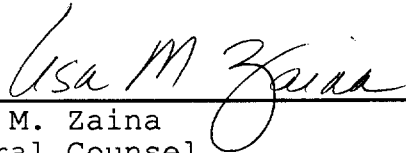
¹¹NPRM at para. 68.

IV. CONCLUSION

OPASTCO believes BPP is an extremely expensive technology, especially for rural independent telephone companies that lack resources and economies of scale. In light of the few customers that will actually benefit from BPP, the costs appear to outweigh the benefits. Not only that, OPASTCO believes that there are many less costly alternative solutions that can take care of a problem that is basically limited to payphones. Also, there is no guarantee that states will require BPP for intraLATA calls and "absent nationwide availability, BPP could increase rather than decrease consumer confusion."¹² In light of the up-to-date data, OPASTCO believes that BPP should not be mandated.

Respectfully submitted,

**THE ORGANIZATION FOR THE
PROTECTION AND ADVANCEMENT
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By: 
Lisa M. Zaina
General Counsel

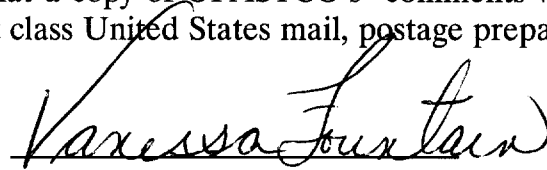
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August 1, 1994

¹²NPRM at para. 37.

CERTIFICATE OF SERVICE

I, Vanessa L. Fountain, hereby certify that a copy of OPASTCO's comments was sent on this, the 1st day of August, 1994, by first class United States mail, postage prepaid, to those listed on the attached sheet.

A handwritten signature in cursive script that reads "Vanessa Fountain". The signature is written in black ink and is positioned above the printed name.

Vanessa L. Fountain

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